

CORRECTED FISCAL NOTE

SB 460 - HB 1439

April 15, 2003

SUMMARY OF BILL: Establishes guidelines for the recoupment of health care provider claims as follows:

- A managed care entity could not require a provider to appeal errors in payments where the health insurance entity has not paid the claim according to the contracted rates. Miscalculations would be corrected and paid within 30 calendar days upon receipt of documentation from the health care provider.
- A health insurance entity would not be required to correct a payment error to a provider if the provider's payment correction request is filed more than 12 months after the date or the receipt of payment.
- Except in cases of fraud committed by the provider, a health insurance entity could only retroactively deny reimbursements to a provider during the 12-month period after the claim was paid and give the provider a written or electronic statement specifying the basis for the action.
- If a health insurance entity determines that a payment was made for services to an ineligible person, then the entity would give notice to the health care provider and request a refund or make a recoupment of the overpayment. This provision would not apply to a health insurance entity that made a representation of eligibility or coverage that was relied upon in good faith.
- If the Commissioner of Commerce and Insurance finds that a health insurance entity has failed to comply with this bill, he/she could impose a penalty of two times the claim amount or \$500, whichever is greater. A health care provider could seek injunctive or other appropriate relief in the Davidson County Chancery Court.

ESTIMATED FISCAL IMPACT:

On March 10, 2003 we issued a fiscal note on this bill which indicated a *not significant increase in state expenditures and a not significant increase in state revenues. This assumes that there will be a not significant increase in administrative costs in the Department of Commerce and Insurance and a not significant increase in civil penalties. Current law requires health maintenance organizations to pay 99.5% of clean claims within 60 days.*

Based on additional information provided to us, the estimated fiscal impact of this bill is:

Increase State Expenditures - Exceeds \$1,000,000
Increase State Revenues - Not Significant

According to information just provided by the TennCare Bureau, this bill would prevent managed care organizations from recovering payments made inappropriately and then found in a retrospective audit beyond the 12 month period. Currently MCOs can recover up to five years after payment. The amount of the increase cannot be determined but is estimated to exceed \$1,000,000.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James A. Davenport, Executive Director

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